

the public sector deficit and carry out what the world body considered essential reforms;

(b) if so, whether the key components of an adjustment strategy have been discussed by the IMF staff with the Indian authorities;

(c) if so, the outcome of these talks and whether recommendations made by International Monetary Fund have been discussed and the number of these have been accepted;

(d) whether the IMF recommended reduction in unproductive expenditure, such as, fertiliser and food subsidies; and

(e) is so, to what extent the Government has been able to accept them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) No, Sir.

(b) Does not arise.

(c) to (e) The 1997 Article IV consultations with India were concluded in Washington on April 29, 1997. The Executive Board discussed the Staff Report on July 2, 1997. Unless the member has accepted an IMF arrangement, the Article IV consultation remains only a collaborative exercise between the fund and the member and it does not set a binding agenda.

At the Executive Board of the IMF the authorities' target of lowering the central government deficit to 3% of GDP by the turn of the century was welcomed. They emphasized upon the need to expand the tax base, reduce tax exemptions and improve tax administration to complement the recent tax rate cuts, besides the need to reduce the overall public sector deficit. IMF Directors reiterated the necessity to move toward fiscal consolidation and push forward the structural reforms.

While welcoming the government's approach of promoting public discussion on the issue of subsidies, many directors felt the need for reorienting expenditure from unproductive spending such as subsidies, toward infrastructure and social sectors. On behalf of India our executive Director welcomed the balanced appraisal report and conveyed to the Board that we would benefit from their invaluable suggestions and continue in our pursuit to improve our economic performance.

Foreign Equity in Liquor

537. SHRI PRAMOD MAHAJAN : Will the Minister of INDUSTRY be pleased to state:

(a) the details of the policy of the Government for granting approval for foreign equity participation in the alcohol and liquor business in the country;

(b) the number of foreign liquor companies granted approval so far to acquire equity or establish business in India;

(c) the names of such companies and the percentage of foreign equity holding allowed to each company and the specific conditions attached in each case;

(d) the mechanism for monitoring compliance of the conditions imposed;

(e) the number and details of cases of violation/non-compliance of conditions have so far been detected or came to the Government's notice; and

(f) the action taken so far or proposed to be taken in each such case?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) Government have been allowing foreign investment for manufacture of potable alcohol, including Indian Made Foreign Liquor (IMFL), within the existing licenced capacity of the Indian Joint Venture Partner so that no fresh capacity is created. All approvals are also subject to the condition that the proposed joint venture shall use the existing licenced capacity of the Indian Partner who must hold an existing valid licence.

(b) to (f) The information is being collected and will be laid on the Table of the House.

Voluntary Disclosure of Income Scheme

538. SHRI NARAYAN ATHAWALAY : Will the Minister of FINANCE be pleased to state:

(a) the target fixed and achievements made in collection of direct taxes under Voluntary Disclosure of Income Scheme (VDIS) in the major cities of the country so far;

(b) the details of steps taken to seek cooperation of the State Governments in this regard; and

(c) the details of collection made so far in Maharashtra particularly in Mumbai and share of income likely to accrue to the Income Tax professionals to clarify the provisions of the scheme and benefits likely to accrue under VDIS?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ) : (a) No target for resource mobilisation have been fixed under the Voluntary Disclosure of Income Scheme, 1997. As the scheme provides that complete confidentiality would be maintained in respect of the declarations, details are not being obtained centrally from the Commissioners regarding the number of declarants or the amounts disclosed, etc.

(b) State Governments have been requested to ensure that VDIS declarations should not form the basis of any enquiry under the relevant state acts.